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Annual Report

H. J. HEINZ COMPANY

For the Year ended April 28th

1954

ANNUAL REPORT OF
H. J. HEINZ COMPANY
Makers of the 57 Varieties

FOR THE YEAR ENDED APRIL 28, 1954



H. J. HEINZ COMPANY
BOX 57, PITTSBURGH 30, PA.

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TRANSFER AGENTS

City Bank Farmers Trust Company, New York, N.Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Guaranty Trust Company of New York, N.Y.
Fidelity Trust Company, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

Last Tuesday of August, 2 p.m., Pittsburgh, Pa.

H. J. HEINZ COMPANY

PITTSBURGH, PA.

BOARD OF DIRECTORS

*H. J. Heinz II	Charles Heinz	J. F. Allen
*H. N. Riley	*Frank Armour, Jr.	W. B. Cormack
A. L. Schiel	*F. B. Cliffe	P. K. Shoemaker
J. H. Letsche	J. L. Given	C. L. Rumberger
Franklin Bell	A. C. Coney	

*Member Executive Committee

EXECUTIVE OFFICE

H. J. Heinz II	.....	President
H. N. Riley	.....	Executive Vice President
Frank Armour, Jr.	.....	Vice President
F. B. Cliffe	.....	Vice President and Secretary
J. F. Allen	.....	Assistant to the President
Franklin Bell	.....	Director of Advertising
C. A. Brinkman	.....	Treasurer
Charles Heinz	.....	Vice President—Personnel
F. C. Heinz	.....	Vice President—Industry Relations

OPERATING EXECUTIVES

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.
Melbourne, Victoria

Resident Directors:

J. A. W. Ross	.....	Managing Director
H. G. Dennett	.....	Finance
W. N. Owen	.....	General Sales Manager
G. K. Warner	.....	Manufacturing

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.
London, England

Resident Directors:

W. B. Cormack	.....	Managing Director
Sir Frank Shires	.....	Deputy Managing Director
J. E. Hutchinson	.....	Personnel
F. G. Crabb	.....	Controller and Treasurer
A. G. Esslemont	.....	Secretary
A. A. Morgan	.....	Sales
B. A. Harris	.....	Manufacturing

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.
Leamington, Ontario

Resident Directors:

F. T. Sherk	.....	Executive Vice President
M. S. Dixon	.....	Manufacturing
G. C. Tilley	.....	Comptroller, Treasurer & Secretary
L. D. Crimp	.....	Sales and Advertising

UNITED STATES

H. J. HEINZ COMPANY
Pittsburgh, Pa.

Frank Armour, Jr.	.....	Vice President—U.S.A. Operations
N. E. Daniels	.....	Vice President—Purchases
R. B. Gookin	.....	Comptroller
B. D. Graham	.....	Vice President—Marketing
C. L. Rumberger	.....	Vice President—Research & Quality Control
J. D. Scott	.....	General Sales Manager
P. K. Shoemaker	.....	Vice President—Manufacturing
R. E. Jones	.....	General Manager—Distribution

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

	Fiscal Year Ended		
	April 28, 1954	April 29, 1953	April 30, 1952
Net Sales.....	\$220,632,934	\$219,573,998	\$205,991,208
Net Income for the year.....	\$ 5,585,676	\$ 5,546,512	\$ 5,812,359
Net Income as a Percentage of Net Sales.....	2.5%	2.5%	2.8%
Net Income per Share of Common Stock.....	\$ 3.12	\$ 3.09	\$ 3.25
Dividends Paid on Preferred Stock.....	\$ 316,757	\$ 325,363	\$ 329,997
Dividends Paid on Common Stock.....	\$ 3,040,014	\$ 3,040,447	\$ 2,788,309
Dividends Paid per Share of Common Stock.....	\$ 1.80	\$ 1.80	\$ 1.80
Net Income Retained in Business.....	\$ 2,228,905	\$ 2,180,702	\$ 2,694,053
Net Income Retained per Share of Common Stock.....	\$ 1.32	\$ 1.29	\$ 1.59
Total Taxes Charged to Income.....	\$ 9,186,707	\$ 9,583,914	\$ 7,174,026
Total Taxes per Share of Common Stock.....	\$ 5.44	\$ 5.67	\$ 4.25
New Capital Obtained.....	\$ 1,575,000	\$ 4,225,000	\$ 900,000

PRESIDENT'S REPORT TO STOCKHOLDERS AND EMPLOYEES

H. J. Heinz Company completed its 85th fiscal year on April 28, 1954. Sales again increased to an all-time high of \$220,632,934. Our net income increased to \$5,585,676.

Our financial position continues to be sound. At the close of the fiscal year the Company's current assets totaled \$110,442,322 and current liabilities amounted to \$33,213,135, leaving a net working capital of \$77,229,187.

DIVIDENDS CONTINUED

During the past fiscal year the Company continued to pay quarterly dividends on the common stock at an annual rate of \$1.80 per share. These dividend payments totaled \$3,040,014. This was the 43rd consecutive year in which dividends were paid on common stock.

Regular dividends amounting to \$316,757 were also paid on the 3.65% preferred stock.

Total dividends paid during the year were equal to 60% of the Company's net earnings, leaving \$2,228,905 to use in the business for capital needs. This amounted to \$1.32 per share of common stock.

HEINZ IN THE UNITED STATES

Grocery stores in the United States are having the largest sales volume in their history, due to a combination of high consumer incomes, and the further development of aggressive merchandising by self-service super markets offering a wider variety of foods, attractively and conveniently packaged, at reasonable prices. The American people are eating better than ever before and a larger proportion of personal income is being spent for food.

The operation of a successful business in this fast changing market requires flexibility and imagination. We believe that our marketing program is carefully planned and will create the consumer demand necessary to increase the sale of the 57 Varieties.

New Products

During the past fiscal year the Company introduced a number of new varieties which we feel confident will aid us in gaining a greater share of the market.

Our introduction of Strained Meats for Babies packed in glass jars represented the Company's most important new product news since we began making these specialized foods in 1933. These meat products will supply a major protein requirement of babies. Pediatricians agree that babies eating strained meats at an early age grow more rapidly, have greater vitality, demonstrate higher disease resistance, relax more easily and sleep more soundly.

Never before have these products been packed in glass jars, the container preferred by an overwhelming majority of mothers. The packaging of meat in glass jars presented great technical difficulties which our food technologists and process engineers resolved only after the most intensive research.

These new Baby Food Meat products include: Strained Beef, Strained Liver and Bacon, Strained Lamb, Strained Veal, Strained Liver, Strained Beef Heart and Strained Pork.

Two other new Baby Foods were added to our line during the year. They were Strained Macaroni, Tomatoes, Beef and Bacon, and Junior Split Peas with Ham.

By the end of July, 1954, all of the Company's Baby Foods, with the exception of the dry cereals, will be distributed nationally in glass jars. This means that Heinz will become the first company in the Baby Food industry to market nationally a complete line of Baby Foods packed in the popular glass packages.

Also of importance during the past fiscal year was the further development of the line of Individual Plate Lunches, which gained a growing acceptance in both the grocery and restaurant trades. Among these new fast-selling Minute Meals are: Beef Goulash, Spanish Rice, Chicken Noodle Dinner, Macaroni Creole, Chop Suey and Corned Beef Hash.

Hamburger Relish was added to our Pickle and Relish line. This new product, a companion item for Hot Dog Relish, has received enthusiastic acceptance throughout the country.

Distribution

An intensive Company-wide study of our distribution system resulted in several major improvements in material handling during the past year.

To improve deliveries to customers as well as to effect economies in freight and handling costs, new distribution points were established at Phoenix, Arizona; Dayton, Ohio; and Wheeling, West Virginia.

Shipment of bulk Vinegars by tank trucks operated by private carriers resulted in substantial savings in freight costs.

During the year we departed from our usual practice of selling directly to retailers by initiating distribution through wholesalers and voluntary chains in Chicago and St. Paul. Our experience in these markets is being observed closely to determine if distribution costs can be lowered and service to customers improved. Consideration is also being given to the adoption of similar distribution methods in other markets.

Employee Relations

In a year marked by labor-management difficulties in many fields and in many sections of the country, Heinz continued to enjoy the friendliest relations with its employees. This continued cooperation of the men and women who produce and sell the 57 Varieties contributed much to the success of the past year.

Pay and benefits for employees in the United States, including the Company's contributions to the Retirement Program, amounted to \$38,244,000.

An important part of compensation is employee benefits including unemployment insurance, Social Security, group life insurance, health and accident insurance, hospitalization and surgical programs, and paid holidays and vacations. The cost of these increasingly important benefits amounted to \$4,922,000, or 15% of the total payroll.

Recognition of continuous service by veteran employees has long been a Heinz tradition. Last year it was our pleasure to honor 430 of our employees in this country who completed 10, 20 or 40 years of faithful service. This was the largest group to receive service awards since the program was started in 1921.

Gold watches were presented to nine employees who have been with us for 40 years and to 152 men and women who completed 20 years of employment. We take pride in the fact that throughout the world we now have 2,789 active employees who have received their service awards. They include 40 with more than 40 years' service, 1,007 with 20 years' service and 1,742 who have been employed for more than 10 years.

A total of 1,000 employees have retired since the Employees' Retirement System was started in 1943. At present, 442 retired employees or their dependents are receiving monthly benefits.

Heinz employees continue to set an enviable safety record. For the fourth consecutive year, the over-all average of accidents in our factories has declined. This performance is especially impressive since our employees' accident frequency during that period was only about half of that of the food industry.

Public and Trade Relations

While Heinz advertising and public relations programs continued to present the Company favorably during the year to both the public and to the trade, there were several developments which we believe were of special merit.

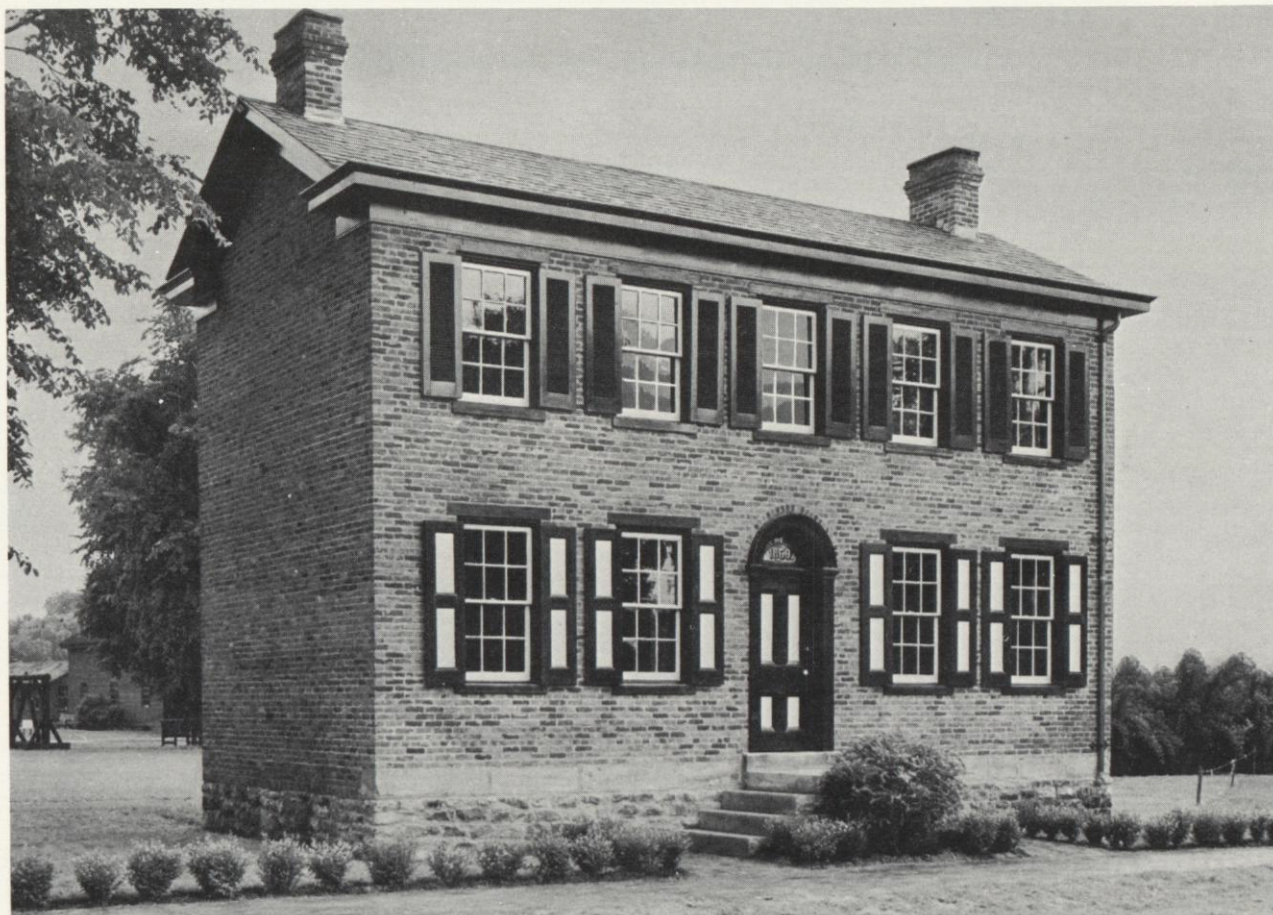
Last January we announced the Company's sponsorship of a "Restaurant Careers for Youth" program for high school students. An interesting slide film has been prepared which presents visually the opportunities for high school graduates for employment in the restaurant and food service field. This program was undertaken in behalf of the National Restaurant Association to attract a greater number of qualified people to the rapidly growing restaurant industry.

The initial announcement of the program has been enthusiastically received by restaurant operators. When the program was formally presented to delegates to the National Restaurant Association Convention in Chicago, it proved to be the highlight of that major gathering.

Also during the year we responded to an emergency appeal by CARE for voluntary, individual assistance for the children of South Korea. In order to stimulate the purchase of CARE packages for children in the war-devastated area, the Company offered to contribute a dozen packages of Heinz Baby Food to CARE for every CARE parcel purchased by the public for distribution in Korea during the period of November 15 to Christmas. In all, 70,000 dozen tins of Baby Food were contributed during the Company's cooperation in the CARE campaign for South Korea.

When completion of the Pittsburgh expansion program necessitated the removal of the Little House in which the founder began this business in 1869, the Company offered the building to the Trustees of Greenfield Village at Dearborn, Michigan, a shrine of Americana.

The Little House was moved to Greenfield Village during the past fiscal year and there craftsmen restored the dwelling exactly as it was when its kitchen produced the Company's first product. Today, an average of 7,000 visitors a day stop at "The Little House Where We Began." We are proud of the heritage which the



The "House Where We Began," 100 years old this year, which is now permanently located at Greenfield Village,

Dearborn, Michigan. In this building H. J. Heinz bottled Horse Radish—the first of the 57 Varieties—in 1869.

Little House signifies and that it has become a permanent part of the other memorabilia of early America.

HEINZ IN BRITAIN

Once again our British Company established new records and experienced the most successful year in the history of the business by setting new highs in both sales volume and net income.

Further relaxation of Government controls aided Heinz operations in the United Kingdom. The ending of restrictions on sugar, oils and fats enabled the Company to increase production and improve both the quality and the variety of its products.

The continuing growth of the Company will require a substantial increase in production facilities.

As the first step in that expansion, we have purchased buildings with approximately 64,000 sq. ft. of floor space—and about five acres of land adjoining the

Harlesden factory. These additional buildings and property will enable us to increase production by approximately 3,300 tons annually and will also provide needed office and canteen space.

After a thorough study of the long term sales potential, production and capital requirements of the British Company, a decision was reached to purchase land and erect a new factory at Gathurst, Lancashire, which is only a few miles from our present Standish plant. Construction will begin during the next year and it is expected that the full development of the new site will require possibly four to five years. Upon completion of the new factory, we will discontinue the operation of our plant at Standish which is now leased from the Ministry of Supply.

Discontinuance of the Excess Profits Levy on January 1, 1954, assisted in reducing the percentage of the British Company's net income required for

taxes. In view of the substantial capital expenditures which will be necessary during the next five years, the Company will also benefit from the new investment allowances introduced by the Chancellor of the Exchequer in his budget statement of April, 1954.

HEINZ IN CANADA

Our Canadian Company has kept pace with the phenomenal growth of the Canadian economy. Sales during the past fiscal year were the largest on record and showed a satisfactory increase over the previous year.

Since the beginning of the 1954 fiscal year, the Canadian Company has made major progress in strengthening our position in all major varieties. 22 new varieties were introduced and nine new sizes of existing products have been listed.

After considerable research, we successfully introduced four new Strained Meat Baby Food varieties: Strained Beef, Strained Beef Heart, Strained Beef Liver and Strained Veal, and later a fifth variety, Strained Liver and Bacon, was added.

The Canadian Company now has a Baby Food line consisting of 36 Strained Food varieties, 20 Junior Food varieties, five Strained Meat varieties and four Baby Cereals. Heinz Baby Foods are the largest selling Baby Foods in Canada.

The world's largest permanent Heinz selling display is in one of the Thorofare Super Markets in Pittsburgh, Pa. 550

In the past fiscal year the Canadian Company opened two new sales branches and on May 1, 1954, another branch was added. This makes a total of 23 sales branches and one sales area, Newfoundland, in the Canadian business.

To improve deliveries to customers in outlying areas, we established during the year 15 new distributor locations. We now supply our customers from 50 locations across Canada.

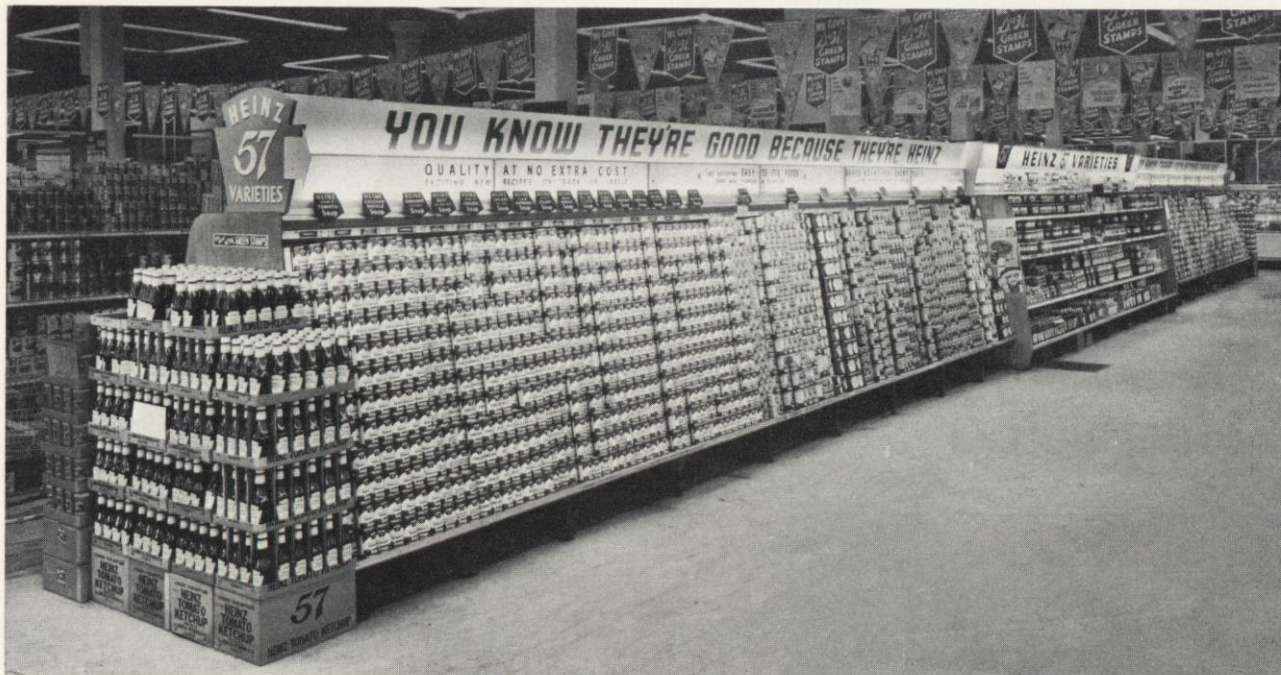
HEINZ IN AUSTRALIA

There is every indication that our Australian Company has recovered substantially from the setbacks sustained during the recession in Australia during 1952-1953. Prospects for the new fiscal year are generally improved.

In the last six months of the past fiscal year, sales increased materially and operating losses were diminished. The Australian Company also has energetically held to its program to liquidate excess inventories and to hold its place in the highly competitive market that has developed. These aims were accomplished at less cost than had been foreseen a year ago.

Government restrictions of imports and the limiting of the use of bank credit undoubtedly assisted in stabilizing the Commonwealth's economy and in halting inflation. The heavily over-inventoried condition

cases of Heinz products were needed to build this 72 foot long display which includes every one of the 57 Varieties.



of traders has gradually been corrected and a normal ratio between stocks and sales has been re-established.

The competitive domestic market still exists because of the inability of Australian food processors to recover the export markets they lost two years ago. This condition requires the most able sales management and planning to attain our sales budgets.

A major development in the Australian Company's operations was the introduction of Strained Baby Foods made in Australia. These products have been especially well received by the trade and by consumers, and as the market continues to grow, we are confident that Strained Foods will become increasingly important to the Company. It is also planned to introduce Junior Foods during the new fiscal year.

The building program at Dandenong is progressing satisfactorily and it is expected that the new factory will be ready to process seasonal crops early in 1955.

The Australian Company is young and vigorous. In order to stimulate its growth and assure continuity of management that has a thorough knowledge of Heinz policies, we have continued a well-rounded program of executive training. During the year nine men from various divisions of the Australian Company visited Pittsburgh to familiarize themselves with the headquarters operation. The young executive group which is being developed is steadily growing in experience and capacity, and is an important factor in the growth of the Company.

ORGANIZATION CHANGES

The following were elected to the Board of Directors at the annual stockholders' meeting held on August 25, 1953: J. F. Allen, Assistant to the President; W. B. Cormack, Managing Director, H. J. Heinz Company Ltd., Great Britain; C. L. Rumberger, Vice President—Research and Quality Control; and P. K. Shoemaker, Vice President—Manufacturing.

J. H. Letsche, after 40 years' service with the Company, retired as Vice President in Charge of Sales and Advertising on October 1, 1953. He continues as a member of the Board of Directors.

Frank Armour, Jr., Vice President in charge of Sales and Distribution, succeeded Mr. Letsche as Vice President in charge of Sales and Advertising. Last February, Mr. Armour was advanced to the new position of Vice President—United States operations.

B. D. Graham, General Sales Manager, was promoted to the newly created position of Vice President—Marketing. J. D. Scott, Manager, Western Sales Area, was advanced to General Sales Manager, and also

became a member of the United States Operating Committee. Ross E. Jones, Manager, Transportation and Warehousing, was named to the newly created position of General Manager of Distribution.

In May, 1954, Frank B. Cliffe was elected Secretary of the Company. He will continue his existing responsibilities as Vice President and Chief Financial Officer.

The Board of Directors recorded with great sorrow the death on March 30, 1954, of T. B. McCafferty, Secretary and a Director of the Company. Mr. McCafferty's more than 30 years of service were distinguished by his wholehearted devotion to the performance of his duties and to the advancement of the Company.

THE OUTLOOK

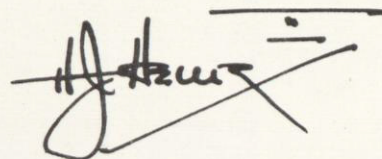
We recognize that keenly competitive conditions will continue to exist in the food industry during the year ahead. Accordingly, we have planned a diversified and intensive promotional and advertising program to support our increased selling efforts in the field.

Our research and advances in manufacturing, distribution and selling, when added to the "know-how" gained in the last 85 years in all kinds of economic and industrial climates, should combine to obtain for us an increasing share of the food market.

We accomplished much during the past year in strengthening all phases of our operations. Every division of the International Company has improved its production and distribution facilities. Staffs are adequate, competent and experienced. Employee relations are harmonious. The financial positions of all companies are sound. Our products are among the finest in the processed food field.

While competition is ever present and growing we are confident of our ability to compete on even terms with any other company in the business. Our people realize that the task is difficult, but opportunities to advance are present in abundance.

With an improved line of products, a growing population and an increased demand for good foods, we face the new fiscal year with optimism. Our gains have been sound and we believe our plans for the new fiscal year have been well developed. The coming months should be both progressive and profitable.



PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HENRY W. OLIVER BUILDING

PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

To the Board of Directors
H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of April 28, 1954, and the related statements of income and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records of the Company and its Canadian subsidiary and such other auditing procedures as we considered necessary in the circumstances. The accounts of the British and Australian subsidiaries have been consolidated, as indicated in Note 1, on the basis of their financial statements for the year which have been audited by firms of chartered accountants whose reports we have reviewed.

In our opinion, based upon such examination and review, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at April 28, 1954, and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

June 11, 1954

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Fiscal year ended	
	April 28, 1954	April 29, 1953
NET SALES.....	\$220,632,934	\$219,573,998
COST OF SALES.....	149,499,095	147,268,476
GROSS PROFIT.....	71,133,839	72,305,522
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including payments under management profit sharing plan of \$429,323 in 1954).....	57,045,222	57,720,550
OPERATING PROFIT (after provision for depreciation of \$2,952,486 in 1954).....	14,088,617	14,584,972
OTHER INCOME.....	124,452	310,310
	<u>14,213,069</u>	<u>14,895,282</u>
OTHER DEDUCTIONS:		
Interest expense.....	1,328,699	1,234,948
Provision for estimated liability under management profit sharing plan.....	329,655	447,256
	<u>1,658,354</u>	<u>1,682,204</u>
	<u>12,554,715</u>	<u>13,213,078</u>
PROVISION FOR TAXES ON INCOME:		
Federal normal and surtax.....	2,370,815	3,606,000
Foreign income and excess profits taxes.....	4,286,340	3,768,583
	<u>6,657,155</u>	<u>7,374,583</u>
	<u>5,897,560</u>	<u>5,838,495</u>
DEDUCT Income applicable to interests in British subsidiary held by others ...	<u>311,884</u>	<u>291,983</u>
NET INCOME FOR THE YEAR.....	<u>\$ 5,585,676</u>	<u>\$ 5,546,512</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	<u>April 28, 1954</u>	<u>April 29, 1953</u>
CURRENT ASSETS:		
Cash.....	\$ 7,290,218	\$ 6,122,334
Accounts receivable:		
Trade, less allowance for doubtful accounts.....	15,352,915	17,559,752
Sundry.....	832,253	915,982
Inventories—at average cost or replacement market whichever lower:		
Finished goods.....	53,039,120	50,879,279
Work in process.....	4,967,755	5,112,670
Ingredient and packaging materials.....	26,506,544	27,626,799
	<u>84,513,419</u>	<u>83,618,748</u>
Prepaid insurance, supplies, taxes and sundry.....	2,453,517	2,853,529
Total current assets.....	<u>110,442,322</u>	<u>111,070,345</u>
OTHER ASSETS:		
Investment in non-consolidated Spanish subsidiary—at cost, less advances (Note 1).....	230,537	233,578
Miscellaneous.....	<u>645,266</u>	<u>693,934</u>
	<u>875,803</u>	<u>927,512</u>
FIXED ASSETS:		
Land—at cost.....	2,711,951	2,666,658
Buildings and leasehold improvements—at cost, less accumulated depreciation of \$10,507,077 in 1954.....	24,412,845	21,347,275
Equipment and fixtures—at cost, less accumulated depreciation of \$22,991,410 in 1954.....	25,734,145	25,293,068
Lug boxes, baskets and pallets—at cost, less amortization.....	<u>976,663</u>	<u>1,253,739</u>
	<u>53,835,604</u>	<u>50,560,740</u>
	<u>\$165,153,729</u>	<u>\$162,558,597</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES

April 28, 1954 April 29, 1953

CURRENT LIABILITIES:

Notes payable and loans on open credit (including portion of long-term debt due within one year)	\$ 12,881,282	\$ 12,242,170
Accounts payable and accrued expenses	14,174,810	14,777,435
Estimated liability for Federal and foreign taxes on income	6,157,043	6,745,732
Total current liabilities	<u>33,213,135</u>	<u>33,765,337</u>

LONG-TERM DEBT AND OTHER LIABILITIES:

2.90% promissory notes—principal due from 1956 to 1969	13,980,000	14,490,000
3.25% serial notes of Canadian subsidiary—principal due from 1955 to 1959 . .	1,125,000	1,350,000
4.25% promissory notes of Australian subsidiary—principal due from 1956 to 1976	5,171,000	3,596,000
Liabilities under management profit sharing plan, less portion payable within one year	3,709,623	3,681,638
Other non-current liabilities	2,822,820	2,679,000
	<u>26,808,443</u>	<u>25,796,638</u>

INTERESTS IN BRITISH SUBSIDIARY HELD BY OTHERS, including preference shares at redemption value

5,912,931 5,806,296

CAPITAL STOCK AND SURPLUS:

Cumulative preferred stock—authorized 185,977 shares—par value \$100 per share—issuable in series:		
3.65% series—authorized, issued and outstanding 85,977 shares in 1954 (Note 2)	8,597,700	8,811,800
Common stock—authorized 2,000,000 shares—par value \$25 per share—issued and outstanding 1,688,897 shares	42,222,425	42,222,425
Capital surplus	6,610,408	6,596,319
Earned surplus:		
Reserved for future inventory price decline, possible loss in foreign assets and other contingencies	5,000,000	5,000,000
Unappropriated (Notes 1 and 3)	36,788,687	34,559,782
	<u>99,219,220</u>	<u>97,190,326</u>
	<u>\$165,153,729</u>	<u>\$162,558,597</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

CAPITAL SURPLUS	Fiscal year ended	
	April 28, 1954	April 29, 1953
Amount at beginning.....	\$ 6,596,319	\$ 4,719,412
Excess of par value over cost of preferred stock retired.....	14,089	4,247
Premium on sales to public of additional ordinary shares of British subsidiary and related adjustments for proportion of undistributed earnings applicable to the consequent reduction in majority interests.....	—	1,872,660
Amount at end.....	<u>6,610,408</u>	<u>6,596,319</u>
UNAPPROPRIATED EARNED SURPLUS		
Amount at beginning.....	34,559,782	33,385,283
Add Net income for the year.....	<u>5,585,676</u> <u>40,145,458</u>	<u>5,546,512</u> <u>38,931,795</u>
Deduct:		
Dividends paid:		
On preferred stock—3.65% series.....	316,757	325,363
On common stock—\$1.80 per share.....	<u>3,040,014</u>	<u>3,040,447</u>
	3,356,771	3,365,810
Proportion of undistributed earnings of British subsidiary purchased by minority interests upon sale of additional ordinary shares of the subsidiary at a premium exceeding such earnings.....	—	1,006,203
	<u>3,356,771</u>	<u>4,372,013</u>
Amount at end.....	<u>\$ 36,788,687</u>	<u>\$ 34,559,782</u>

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) *Principles of consolidation:*

The consolidated financial statements, as in prior years, include the company and all operating subsidiary companies with the exception of the Spanish subsidiary. Consolidated net assets were located as follows:

	<u>April 28, 1954</u>	<u>April 29, 1953</u>
United States.....	\$70,982,675	\$70,537,450
Canada.....	12,953,435	12,332,624
British Isles.....	12,817,528	11,537,827
Australia.....	2,465,582	2,782,425
Total.....	<u>\$99,219,220</u>	<u>\$97,190,326</u>

All assets, except fixed assets, and all liabilities, except long-term debt, of the foreign subsidiaries have been converted generally at rates of exchange prevailing at the end of the fiscal year; fixed assets and long-term debt have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located in the British Isles and in Australia is limited by currency and other restrictions of those countries.

Of the net income for the year, \$3,267,402 originated from foreign subsidiaries consolidated.

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted generally at average rates of exchange prevailing during the fiscal year. The income of the company from dividends declared and paid by foreign subsidiaries during the year amounted to \$1,747,056 before foreign taxes on such dividends.

At April 28, 1954, the net assets of the Spanish subsidiary, as shown by unaudited financial statements, amounted to approximately \$133,000.

(2) *Cumulative preferred stock:*

The 3.65% series cumulative preferred stock is, until October 1, 1954, callable at \$106.75 per share or redeemable through the sinking fund at a maximum of \$104.75 per share and at decreasing prices thereafter. A payment, not exceeding \$200,000, is required to be made to the sinking fund on or before October 1 of each year.

(3) *Earned surplus:*

Under the provisions of the 2.90% promissory notes, the portion of the consolidated earned surplus which is unrestricted as to the payment of cash dividends on the common stock is not less than \$15,526,829.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

	FISCAL YEARS ENDED		
	April 28, 1954	April 29, 1953	April 30, 1952
Net sales	\$220,632,934	\$219,573,998	\$205,991,208
Cost of sales	149,499,095	147,268,476	139,916,553
Gross profit	71,133,839	72,305,522	66,074,655
Selling, general and administrative expenses	57,045,222	57,720,550	54,599,606
	14,088,617	14,584,972	11,475,049
Other income—including foreign exchange adjustments	124,452	310,310	859,195
	14,213,069	14,895,282	12,334,244
Other deductions—including interest expense and provision for management profit-sharing	1,658,354	1,682,204	1,336,512
	12,554,715	13,213,078	10,997,732
Provision for taxes on income	6,657,155	7,374,583	5,010,950
	5,897,560	5,838,495	5,986,782
Deduct income applicable to interests in British subsidiary held by others	311,884	291,983	174,423
Net income for the year	5,585,676	5,546,512	5,812,359
Appropriated for possible future inventory price decline, possible loss in foreign assets and other contingencies	—	—	—
Balance of net income—to earned surplus	\$ 5,585,676	\$ 5,546,512	\$ 5,812,359
Balance of net income per share of common stock—after preferred dividends	\$3.12	\$3.09	\$3.25
Cash dividends per share of common stock	1.80	1.80	1.80

(A) Per share figures have been adjusted for 1951 and prior years to give effect to the 20% stock distribution in October, 1951; and for fiscal years 1945 and 1946, to give effect to the conversion of 4 shares for 1 share in October, 1946.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

FISCAL YEARS ENDED						
May 2, 1951	May 3, 1950	April 30, 1949	April 30, 1948	April 30, 1947	April 30, 1946	April 30, 1945
\$189,098,235	\$170,508,252	\$174,877,723	\$169,455,201	\$144,245,863	\$114,150,564	\$112,815,488
124,567,518	116,433,519	120,105,287	118,163,726	99,968,218	79,895,611	78,685,612
64,530,717	54,074,733	54,772,436	51,291,475	44,277,645	34,254,953	34,129,876
48,157,298	45,016,235	43,351,189	40,623,698	29,750,557	24,652,220	22,800,953
16,373,419	9,058,498	11,421,247	10,667,777	14,527,088	9,602,733	11,328,923
1,026,856	173,064	506,953	433,736	702,443	118,275	(18,855)
17,400,275	9,231,562	11,928,200	11,101,513	15,229,531	9,721,008	11,310,068
1,645,513	1,179,647	1,114,622	575,052	461,401	379,051	543,205
15,754,762	8,051,915	10,813,578	10,526,461	14,768,130	9,341,957	10,766,863
8,197,525	3,567,234	4,291,976	4,493,137	6,163,844	4,661,065	6,284,809
7,557,237	4,484,681	6,521,602	6,033,324	8,604,286	4,680,892	4,482,054
134,702	120,664	70,554	—	—	—	—
7,422,535	4,364,017	6,451,048	6,033,324	8,604,286	4,680,892	4,482,054
—	—	—	1,000,000	2,500,000	628,808	1,082,020
<u>\$ 7,422,535</u>	<u>\$ 4,364,017</u>	<u>\$ 6,451,048</u>	<u>\$ 5,033,324</u>	<u>\$ 6,104,286</u>	<u>\$ 4,052,084</u>	<u>\$ 3,400,034</u>
\$4.19(A)	\$2.38	\$3.61	\$2.77	\$3.45	\$2.66	\$2.21
1.50(A)	1.50	1.50	1.50	1.38	1.25	1.25

HEINZ LOCATIONS THROUGHOUT THE WORLD

UNITED STATES

PRINCIPAL EXECUTIVE OFFICE: *Pittsburgh, Pa.*

WAREHOUSES AND SALES OFFICES

Albany, N.Y.	Des Moines, Iowa	Los Angeles, Calif.	*Pittsburgh, Pa.
Atlanta, Ga.	*Detroit, Mich.	Louisville, Ky.	Portland, Ore.
Baltimore, Md.	Duluth, Minn.	Memphis, Tenn.	Rock Island, Ill.
Birmingham, Ala.	Fort Wayne, Ind.	Milwaukee, Wis.	Salt Lake City, Utah
*Boston, Mass. (Cambridge)	Grand Rapids, Mich.	Newark, N.J.	San Antonio, Texas
Buffalo, N.Y.	Greensboro, N.C.	New Orleans, La.	Seattle, Wash.
*Chicago, Ill.	Hartford, Conn.	*New York, N.Y. (Glendale)	Sioux City, Iowa
Cincinnati, Ohio	Houston, Texas	*Oakland, Calif.	Spokane, Wash.
Cleveland, Ohio	Huntington, W.Va.	Oklahoma City, Okla.	*St. Louis, Mo.
Columbus, Ohio	Indianapolis, Ind.	Omaha, Neb.	St. Paul, Minn.
*Dallas, Texas	Jacksonville, Fla.	Peoria, Ill.	Youngstown, Ohio
Denver, Colo.	Johnstown, Pa.	*Philadelphia, Pa.	
	Kansas City, Mo.		*Regional Sales Headquarters

SUB-WAREHOUSES

Allentown, Pa.	Knoxville, Tenn.	Portland, Me.	Toledo, Ohio
Clarksburg, W.Va.	Miami, Fla.	Providence, R.I.	Washington, D.C.
Columbia, S.C.	Nashville, Tenn.	Savannah, Ga.	Wheeling, W.Va.
Dayton, Ohio	Norfolk, Va.	Scranton, Pa.	Wichita, Kans.
Harrisburg, Pa.	Paterson, N.J.	Syracuse, N.Y.	
	Phoenix, Ariz.	Tampa, Fla.	

PROCESSING PLANTS

Berkeley, Calif.	Fremont, Ohio	Muscatine, Iowa	Tracy, Calif.
Bowling Green, Ohio	Holland, Mich.	Pittsburgh, Pa.	Watsonville, Calif.
Chambersburg, Pa.	Medina, N.Y.	Salem, N.J.	Winchester, Va.

SALTING HOUSE DISTRICT HEADQUARTERS

Big Rapids, Mich.	Greeley, Colo.	Isleton, Calif.	Portage, Wis.
Fremont, Mich.	Holland, Mich.	Plymouth, Ind.	Saginaw, Mich.

Numerous vegetable and pickle receiving stations operate in the areas surrounding the plants and salting houses.

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

WAREHOUSES AND SALES BRANCHES

Calgary, Alta.	Leamington, Ont.	Regina, Sask.	*Vancouver, B.C.
Edmonton, Alta.	*Montreal, Que.	Sault Ste. Marie, Ont.	Windsor, Ont.
Halifax, N.S.	Ottawa, Ont.	St. John, N.B.	Winnipeg, Man.
Hamilton, Ont.	Quebec, Que.	*Toronto, Ont.	

**Regional Sales Headquarters*

SUB-WAREHOUSES

Fort William, Ont.	Lethbridge, Alta.	Victoria, B.C.
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PROCESSING PLANTS: Leamington, Ont.; Wallaceburg, Ont.

SALTING STATION: Teeswater, Ont.

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

Belfast	Bristol	*Edinburgh	Ipswich	*London	Nottingham	Rochester
Birmingham	Cardiff	Glasgow	Leeds	*Manchester	Plymouth	Sheffield
Bradford	Dundee	Hull	Liverpool	Newcastle	Preston	Southampton

**Regional Sales Headquarters*

PROCESSING PLANTS: London; Standish

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Melbourne, Victoria*

SALES BRANCHES

Sydney, New South Wales	Melbourne, Victoria	Brisbane, Queensland	Adelaide, South Australia
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PROCESSING PLANTS: Melbourne, Victoria; Devonport, Tasmania;
Dandenong, Victoria (Under Construction)

SPAIN

H. J. HEINZ COMPANY (ESPANA) S. L.

HEAD OFFICE: *Seville*

PROCESSING PLANT: *Seville*

From these business locations throughout the world, our products are distributed to hundreds of thousands of large and small stores, hotels, restaurants and other institutions in more than 200 countries and territories.

HERE ARE THE 57 VARIETIES

1. Heinz Oven-Baked Beans with Pork and Tomato Sauce.
2. Heinz Oven-Baked Beans—Boston Style.
3. Heinz Oven-Baked Beans in Tomato Sauce.
4. Heinz Chili Con Carne.
5. Heinz Condensed Split Pea Soup.
6. Heinz Condensed Cream of Green Pea Soup.
7. Heinz Condensed Cream of Mushroom Soup.
8. Heinz Condensed Cream of Tomato Soup.
9. Heinz Condensed Cream of Celery Soup.
10. Heinz Condensed Beef Noodle Soup.
11. Heinz Condensed Bean Soup.
12. Heinz Condensed Gumbo Creole Soup.
13. Heinz Condensed Chicken Soup with Rice.
14. Heinz Condensed Chicken Noodle Soup.
15. Heinz Condensed Cream of Chicken Soup.
16. Heinz Condensed Clam Chowder.
17. Heinz Condensed Beef Soup with Vegetables.
18. Heinz Condensed Vegetable Soup with Beef Stock.
19. Heinz Condensed Vegetarian Vegetable Soup.
20. Heinz Mince Meat.
21. Heinz Puddings—Fig and Plum.
22. Heinz Spaghetti, Tomato Sauce and Cheese.
23. Heinz Macaroni with Cheese Sauce.
24. Heinz Pure Fruit Jellies.
25. Heinz Stews—Lamb, Beef, Chicken with Dumplings.
26. Heinz Minute Meals—Beef Goulash, Chop Suey, Corned Beef Hash, Macaroni Creole, Spanish Rice.
27. Heinz Ready-to-Serve Soups.
28. Heinz Pickles—Sweet and Sour.
29. Heinz Genuine Dill Pickles.
30. Heinz Processed Dill Pickles.
31. Heinz Kosher Dill Pickles.
32. Heinz Fresh Cucumber Pickle.
33. Heinz Sweet Mustard Pickle.
34. Heinz India Relish.
35. Heinz Hot Dog Relish.
36. Heinz Hamburger Relish.
37. Heinz Pickled Onions—Sweet and Sour.
38. Heinz Pre-Cooked Cereals for Infants.
39. Heinz Strained Fruits.
40. Heinz Strained Vegetables.
41. Heinz Strained Meats.
42. Heinz Strained Desserts.
43. Heinz Junior Fruits.
44. Heinz Junior Vegetables.
45. Heinz Junior Meat Products.
46. Heinz Junior Desserts.
47. Heinz Prepared Mustard.
48. Heinz Tomato Juice.
49. Heinz Tomato Ketchup.
50. Heinz Chili Sauce.
51. Heinz 57 Sauce.
52. Heinz Worcestershire Sauce.
53. Heinz Dehydrated Horse Radish.
54. Heinz Cider Vinegar.
55. Heinz White Vinegar.
56. Heinz Malt Vinegar.
57. Heinz Tarragon Vinegar.

